

105TH CONGRESS  
2D SESSION

# H. R. 3963

To establish terms and conditions under which the Secretary of the Interior shall convey leaseholds in certain properties around Canyon Ferry Reservoir, Montana.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 22, 1998

Mr. HILL introduced the following bill; which was referred to the Committee on Resources

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## A BILL

To establish terms and conditions under which the Secretary of the Interior shall convey leaseholds in certain properties around Canyon Ferry Reservoir, Montana.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINDINGS.**

4 Congress finds that the conveyance of the Properties  
5 described in section 4(b) to the Lessees of those Properties  
6 for fair market value would have the beneficial results of—

7 (1) reducing Pick-Sloan project debt for the  
8 Canyon Ferry Unit;

1           (2) providing a permanent source of funding for  
2       projects that develop and maintain public recreation,  
3       and that conserve and enhance fish and wildlife op-  
4       portunities in the State of Montana;

5           (3) reducing Federal payments in lieu of taxes  
6       and associated management expenditures in connec-  
7       tion with the Government’s ownership of the Prop-  
8       erties while increasing local tax revenues from the  
9       new owners; and

10          (4) eliminating expensive and contentious dis-  
11       putes between the Secretary and leaseholders while  
12       ensuring that the Federal Government receives full  
13       and fair value for the acquisition of the Properties.

14 **SEC. 2. PURPOSE.**

15       The purpose of this Act is to establish terms and con-  
16       ditions under which the Secretary of the Interior shall, for  
17       fair market value, convey certain Properties around Can-  
18       yon Ferry Reservoir, Montana, to the Lessees of those  
19       Properties.

20 **SEC. 3. DEFINITIONS.**

21       In this Act:

22           (1) CFRA.—The term “CFRA” means Canyon  
23       Ferry Recreation Association, Incorporated, a Mon-  
24       tana corporation.

1           (2) LESSEE.—The term “Lessee” means the  
 2           leaseholder of 1 of the properties described in sec-  
 3           tion 4(b) on the date of enactment of this Act and  
 4           the leaseholder’s heirs, executors, and assigns of  
 5           their leasehold interest.

6           (3) PROPERTY.—The term “Property” means 1  
 7           of the properties described in section 4(b).

8           (4) PURCHASER.—The term “Purchaser”  
 9           means a person or entity, excluding CFRA, that  
 10          purchases the 265 leaseholds under section 4.

11          (5) RESERVOIR.—The term “Reservoir” means  
 12          the Canyon Ferry Reservoir in the State of Mon-  
 13          tana.

14          (6) SECRETARY.—The term “Secretary” means  
 15          the Secretary of the Interior.

16 **SEC. 4. SALE OF LEASEHOLDS.**

17          (a) IN GENERAL.—Subject to subsection (c) and not-  
 18          withstanding any other provision of law, the Secretary  
 19          shall sell at fair market value—

20               (1) all right, title, and interest of the United  
 21               States in and to all (but not fewer than all) of the  
 22               leaseholds described in subsection (b), subject to  
 23               valid existing rights; and

24               (2) easements for—

25                       (A) vehicular access to each leasehold;

1 (B) access to and the use of 1 dock per  
2 leasehold; and

3 (C) access to and the use of all boathouses,  
4 ramps, retaining walls, and other improvements  
5 for which access is provided in the leases as of  
6 the date of this Act.

7 (b) DESCRIPTION OF LEASEHOLDS.—

8 (1) IN GENERAL.—The leaseholds to be con-  
9 veyed are—

10 (A) the 265 cabin sites of the Bureau of  
11 Reclamation located along the northern portion  
12 of the Reservoir in portions of sections 2, 11,  
13 12, 13, 15, 22, 23, and 26, Township 10 North,  
14 Range 1 West; plus

15 (B) any small parcels contiguous to the  
16 leaseholds (not including shoreline property or  
17 property needed to provide public access to the  
18 shoreline of the Reservoir) that the Secretary  
19 determines should be conveyed in order to elimi-  
20 nate inholdings and facilitate administration of  
21 surrounding land remaining in Federal owner-  
22 ship.

23 (2) ACREAGE; LEGAL DESCRIPTION.—The acre-  
24 age and legal description of each Property shall be  
25 agreed on by the Secretary and CFRA.

1 (c) PURCHASE PROCESS.—

2 (1) IN GENERAL.—The Secretary shall—

3 (A) solicit sealed bids for all of the lease-  
4 holds;

5 (B) subject to paragraph (2), sell the  
6 leaseholds to the bidder that submits the high-  
7 est bid above the minimum bid determined  
8 under paragraph (2); and

9 (C) only accept bids for all 265 leaseholds.

10 (2) MINIMUM BID.—Before accepting bids, the  
11 Secretary, in consultation with interested bidders,  
12 shall establish a minimum bid based on an appraisal  
13 of the fair market value of the leaseholds, exclusive  
14 of the value of private improvements made by the  
15 leaseholders before the date of the conveyance by  
16 means of an appraisal conducted in conformance  
17 with the Uniform Standards of Professional Ap-  
18 praisal Practice.

19 (3) RIGHT OF FIRST REFUSAL.—If the highest  
20 bidder is other than CFRA, CFRA shall have the  
21 right to match the highest bid and purchase the  
22 leaseholds at a price equal to the amount of that  
23 bid.

24 (d) TERMS OF CONVEYANCE.—

1           (1) PURCHASER TO EXTEND OPTION TO PUR-  
2 CHASE OR TO CONTINUE LEASING.—

3           (A) IN GENERAL.—The Purchaser shall  
4 give each leaseholder of record of a leasehold  
5 conveyed under this section an option to pur-  
6 chase the leasehold at fair market value as de-  
7 termined in subsection (c)(2).

8           (B) NONPURCHASING LESSEES.—

9           (i) RIGHT TO CONTINUE LEASE.—A  
10 Lessee that is unable or unwilling to pur-  
11 chase a Property shall be permitted to con-  
12 tinue to lease the Property for fair market  
13 value rent under the same terms and con-  
14 ditions as the existing leases, including the  
15 right to renew the term of the existing  
16 lease for 2 consecutive 5-year terms.

17           (ii) COMPENSATION FOR IMPROVE-  
18 MENTS.—If a Lessee declines to purchase  
19 a leasehold, the Purchaser shall com-  
20 pensate the Lessee for the full market  
21 value, as determined pursuant to cus-  
22 tomary appraisal procedures, of all im-  
23 provements made to the leasehold. The  
24 Lessee may sell the improvements to Pur-  
25 chaser at any time, but the sale shall be

1 completed by the final termination of the  
2 lease, after all renewals as provided in  
3 clause (i).

4 (2) HISTORICAL USE.—The Purchaser shall  
5 honor the existing Property descriptions and histori-  
6 cal use restrictions for the leaseholds.

7 (3) CONTINUATION OF LEASES.—

8 (A) IN GENERAL.—A Lessee that is unable  
9 or unwilling to purchase a leasehold shall be  
10 permitted to continue to lease the property pur-  
11 suant to the terms and conditions of the lease,  
12 existing on the date of enactment of this Act.

13 (B) RENTAL PAYMENTS.—All rents re-  
14 ceived during the continuation of a lease under  
15 subparagraph (A) shall be paid to the Pur-  
16 chaser.

17 (C) LIMITATION ON RIGHT TO TRANSFER  
18 LEASE.—Subject to valid existing rights, a Les-  
19 see may not sell or otherwise assign or transfer  
20 the leasehold without purchasing the property  
21 from the Purchaser and conveying the fee inter-  
22 est in the property.

23 (e) ADMINISTRATIVE COSTS.—Any reasonable ad-  
24 ministrative cost incurred by the Secretary incident to the

1 conveyance under subsection (a) shall be reimbursed by  
2 the Purchaser or CFRA.

3 (f) TIMING.—The Secretary shall make every effort  
4 to complete the conveyance under subsection (a) not later  
5 than 1 year after the date of enactment of this Act.

6 (g) CLOSING.—Real estate closings to complete the  
7 conveyance under subsection (a) may be staggered to fa-  
8 cilitate the conveyance as agreed to by the Secretary and  
9 the Purchaser or CFRA.

10 (h) CONVEYANCE TO LESSEE.—Where the Lessee  
11 will purchase the leasehold from Purchaser or CFRA, the  
12 Lessee may request the Secretary to have the conveyance  
13 documents prepared in the Lessee's name or names in  
14 order to minimize the time and documents required to  
15 complete the closing for each leasehold.

16 (i) COSTS.—The Lessee shall reimburse CFRA for a  
17 proportionate share of the costs to CFRA in completing  
18 the transactions contemplated by this Act, including any  
19 interest charges.

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